

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 CEA-01 CIAE-00

COME-00 EA-07 FRB-03 INR-07 NEA-10 NSAE-00

USIA-06 OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02

SIL-01 AGRE-00 OMB-01 OIC-02 /087 W

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 3910

INFO USMISSION GENEVA

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USOECD

PASS EB/ICD

E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: OECD HIGH LEVEL GROUP ON COMMODITIES (HLGC):

AD HOC GROUP ON COMMON FUND

HLGC CHAIRMAN STEELE INTENDS TO HOLD A BRIEF ORGANIZATIONAL MEETING OF AN AD HOC GROUP ON COMMON FUND JUNE 20. MAIN PURPOSE OF MEETING IS, IN ADDITION TO SELECTING CHAIRMAN OF GROUP, TO DISCUSS WORK PROGRAM OF TIMETABLE FOR FUTURE MEETINGS. FOLLOWING IS TEXT OF CHAIRMAN'S NOTE WHICH IS TO SERVE AS BASIS FOR DISCUSSION OF THE WORK PROGRAM:

BEGIN TEXT:

1. I SUGGEST THAT THE AD HOC GROUP MIGHT:

(A) TAKE AS ITS POINT OF DEPARTURE THE MATERIAL ON WHICH THERE WAS A BROAD MEASURE OF AGREEMENT AT THE COMMON FUND CONFERENCE IN MARCH IN GENEVA; AND
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(B) SEEK TO ELABORATE THIS MATERIAL (WITHOUT FOR THE TIME BEING REACHING FINAL CONCLUSIONS) IN PREPARATION FOR THE COMMON FUND NEGOTIATING CONFERENCE WHICH WILL RESUME ON 7TH NOVEMBER.

2. COPIES ARE ANNEXED OF THE PROVISIONAL GROUP B POSITION PAPER TABLED AT THE GENEVA CONFERENCE (ANNEX A)

AND OF THE STATEMENT MADE BY THE COORDINATOR OF GROUP B ON 31ST MARCH (ANNEX B). THESE PAPERS INDICATE A WIDE MEASURE OF AGREEMENT ON THE FOLLOWING PROPOSITIONS:

(A) A COMMON FUND SHOULD BE BASED ON A PATTERN OF MUTUAL ASSISTANCE AMONGST INDIVIDUAL COMMODITY AGREEMENTS (ICA'S), THE AIM BEING TO OPTIMIZE THE USE OF RESOURCES. IT SHOULD PROVIDE LOAN FINANCE TO ICA'S FOR BUFFER STOCKING AND SHOULD FUNCTION AS A FINANCIALLY VIABLE INSTITUTION;

(B) DECISIONS ON THE NEED FOR AND SIZE OF INDIVIDUAL BUFFER STOCKS, RESPONSIBILITY FOR AND METHODS OF FINANCING OF SUCH STOCKS, AND INTERVENTION IN COMMODITY MARKETS SHOULD BE MATTERS FOR THE ICA'S.

(C) ICA'S ASSOCIATED WITH THE FUND SHOULD REPRESENT PRODUCING AND CONSUMING COUNTRIES TOGETHER ACCOUNTING FOR A SUBSTANTIAL SHARE OF BOTH THE IMPORT AND THE EXPORT TRADE OF THE COMMODITY CONCERNED. SUCH ICA'S SHOULD, HOWEVER, BE UNDER NO OBLIGATION TO PARTICIPATE IN THE FUND.

3. IN ADDITION, TWO MAJOR ISSUES WERE LEFT OPEN-- WHETHER THE FUND SHOULD HAVE FINANCIAL RESOURCES OF ITS OWN, AND WHETHER IT SHOULD SUPPORT MEASURES OTHER THAN BUFFER STOCKING.

4. THERE HAS ALSO BEEN THE RECENT POLITICAL CONSENSUS IN CIEC, WHERE THE PARTICIPANTS AGREED ON THE "ESTABLISHMENT OF A COMMON FUND WITH PURPOSES, OBJECTIVES, AND OTHER CONSTITUENT ELEMENTS TO BE FURTHER LIMITED OFFICIAL USE

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NEGOTIATED IN UNCTAD."

5. AT ITS FIRST MEETING THE AD HOC GROUP WILL WISH TO CONSIDER THE SCOPE AND ORGANIZATION OF ITS WORK IN THE PERIOD UP TO THE END OF OCTOBER. LESS THAN THREE WORKING MONTHS ARE AVAILABLE. ONE POSSIBILITY WOULD BE TO START BY CONSTRUCTING A "BASIC MODEL" (OR MODELS) OF A FUND OF THE KIND OUTLINED ABOVE, WITH TWO MAIN ELEMENTS:

- I) A BASIS OF OPERATION FOR THE FUND IN THE FIELD OF BUFFER STOCKING ELABORATING THE CONCEPT OF "MUTUAL ASSISTANCE" BETWEEN ICA'S AND

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II) ITS ORGANIZATION, MANAGEMENT AND VOTING
ARRANGEMENTS.

6. POSSIBLE ADDITIONS AND EMBELLISHMENTS TO THE BASIC
MODEL COULD BE CONSIDERED SUBSEQUENTLY AS AND WHEN
DECISIONS ARE TAKEN. THE BASIC MODEL(S) SHOULD BE SO
DRAFTED AS TO ALLOW ANY SUCH ADDITIONS WITHOUT DRASTIC
ALTERATIONS.

7. THE GROUP SHOULD REPORT TO THE HIGH LEVEL GROUP
FROM TIME TO TIME WHEN IT NEEDS GUIDANCE. ITS AIM
WOULD BE TO PROVIDE MATERIAL WHICH COULD ASSIST IN THE
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THE SCOPE AND NATURE OF THE FUND. SUBJECT TO CONSENSUS

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ON THE BASIC MODEL(S), THESE MIGHT TAKE THE FORM OF
DRAFT ARTICLES OF AGREEMENT, TO BE TABLED AT AN
APPROPRIATE STAGE AT THE NOVEMBER CONFERENCE.

8. FINALLY, THE GROUP WILL WISH TO CONSIDER WHAT
PAPERS MIGHT USEFULLY BE COMMISSIONED FROM THE SEC-
RETARIAT AND/OR (FOLLOWING PRACTICE IN THE SUB-GROUPS
IN GENEVA) FROM INTERESTED MEMBER COUNTRIES. END TEXT.
KATZ

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Message Attributes

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Disposition Approved on Date:
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